

BUENA VISTA COUNTY
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS

JUNE 30, 2013

Table of Contents

Officials		<u>Page</u> 3
Independent Auditor's Report		4-6
Management's Discussion and Analysis		7-13
Basic Financial Statements:	<u>Exhibit</u>	
Government-wide Financial Statements:		
Statement of Net Position	A	14
Statement of Activities	B	15
Governmental Fund Financial Statements:		
Balance Sheet	C	16
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	D	17
Statement of Revenues, Expenditures, and Changes in Fund Balances	E	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities	F	19
Proprietary Fund Financial Statements:		
Statement of Net Position	G	20
Statement of Revenues, Expenses, and Changes in Fund Net Position	H	21
Statement of Cash Flows	I	22
Fiduciary Fund Financial Statement:		
Statement of Fiduciary Assets and Liabilities - Agency Funds	J	23
Notes to Financial Statements		24-41
Required Supplementary Information:		
Budgetary Comparison Schedule of Receipts, Disbursements, and Changes in Balances - Budget and Actual (Cash Basis) - All Governmental Funds		43
Budget to GAAP Reconciliation		44
Notes to Required Supplementary Information - Budgetary Reporting		45
Schedule of Funding Progress for the Retiree Health Plan		46
Supplementary Information:	<u>Schedule</u>	
Nonmajor Governmental Funds:		
Combining Balance Sheet	1	48
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances	2	49
Agency Funds:		
Combining Schedule of Fiduciary Assets and Liabilities	3	50
Combining Schedule of Changes in Fiduciary Assets and Liabilities	4	51
Schedule of Revenues by Source and Expenditures by Function - All Governmental Funds	5	52
Schedule of Expenditures of Federal Awards	6	53
Notes to the Schedule of Expenditures of Federal Awards		54
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		55-56
Independent Auditor's Report on Compliance for Each Major Federal Program on Internal Control over Compliance and on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133		57-58
Schedule of Findings		59-62

BUENA VISTA COUNTY

OFFICIALS

(Before January 2013)

<u>NAME</u>	<u>TITLE</u>	<u>TERM EXPIRES</u>
Don Altena	Board of Supervisors	Jan. 2013
Rhonda Ringgenberg	Board of Supervisors	Jan. 2013
Dale Arends	Board of Supervisors	Jan. 2015
Ken Hach	Board of Supervisors	Jan. 2015
Paul Merten	Board of Supervisors	Jan. 2015
Susan Lloyd	County Auditor	Jan. 2013
Kathleen Bach	County Treasurer	Jan. 2015
Shari O'Bannon	County Recorder	Jan. 2015
Gary Launderville	County Sheriff	Jan. 2013
Dave Patton	County Attorney	Jan. 2015
Kathy Croker	County Assessor	Jan. 2016

(After January 2013)

Dale Arends	Board of Supervisors	Jan. 2015
Ken Hach	Board of Supervisors	Jan. 2015
Paul Merten	Board of Supervisors	Jan. 2015
Don Altena	Board of Supervisors	Jan. 2017
Rhonda Ringgenberg	Board of Supervisors	Jan. 2017
Susan Lloyd	County Auditor	Jan. 2017
Kathleen Bach	County Treasurer	Jan. 2015
Shari O'Bannon	County Recorder	Jan. 2015
Gary Launderville	County Sheriff	Jan. 2017
Dave Patton	County Attorney	Jan. 2015
Kathy Croker	County Assessor	Jan. 2016

HUNZELMAN, PUTZIER & Co., PLC

CERTIFIED PUBLIC ACCOUNTANTS

JEFFORY B. STARK, C.P.A.
JASON K. RAVELING
TAMMY M. CARLSON, C.P.A.
RICHARD R. MOORE, C.P.A. (RETIRED)
WESLEY E. STILLE, C.P.A. (RETIRED)
KENNETH A. PUTZIER, C.P.A. (RETIRED)
W. J. HUNZELMAN, C.P.A. 1921-1997

P.O. BOX 398
1100 WEST MILWAUKEE
STORM LAKE, IOWA 50588
712-732-3653
FAX 712-732-3662
www.hpcocpa.com

INDEPENDENT AUDITOR'S REPORT

To the Officials of Buena Vista County:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Buena Vista County, Iowa, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on Governmental Activities and Secondary Roads Fund

Management has not recorded the materials and supplies inventory in governmental activities or the Secondary Roads major fund. Accounting principles generally accepted in the United States of America require that the inventory be recorded, which would increase the assets and net position, and decrease the expenses of the

governmental activities and the Secondary Roads major fund. The amount by which this departure would affect the assets, net position, and expenses of the governmental activities and the Secondary Roads major fund is not reasonably determinable.

Adverse Opinion

In our opinion, because of the significance of the matter described in the “Basis for Adverse Opinion on Governmental Activities and Secondary Roads Fund” paragraph, the financial statements referred to previously do not present fairly the financial position of the governmental activities and the Secondary Roads major fund of Buena Vista County as of June 30, 2013, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the major funds, except the Secondary Roads fund, and the aggregate remaining fund information of Buena Vista County, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management’s Discussion and Analysis, the Budgetary Comparison Information, and the Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 13 and 43 through 46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Buena Vista County’s basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for each of the years in the six year period ending June 30, 2009 (none of which are presented herein), and expressed qualified opinions on those financial statements because the materials and supplies inventory was omitted. We also previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for each of the years in the three year period ending June 30, 2012, (none of which are presented herein), and expressed an adverse opinion on those financial statements because the materials and supplies inventory was omitted. The supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Because of the significance of the matter described in the “Basis for Adverse Opinion on Governmental Activities and Secondary Roads Fund” paragraph, it is inappropriate to and we do not express an opinion on the supplementary information referred to above.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 18, 2014, on our consideration of Buena Vista County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Buena Vista County's internal control over financial reporting and compliance.

Hungelman, Putzier & Co., PLC

February 18, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

Buena Vista County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2013. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2013 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities increased 18.2%, or approximately \$2,987,000, from fiscal year 2012 to fiscal year 2013. Charges for service increased approximately \$66,000; operating grants, contributions, and restricted interest decreased approximately \$659,000; property tax revenues increased approximately \$201,000; and capital grants, contributions and restricted interest increased approximately \$3,325,000.
- Program expenses of the County's governmental activities were 8.1%, or approximately \$1,251,000, less in fiscal year 2013 than in fiscal year 2012. Public safety and legal services expenses increased approximately \$225,000; mental health expenses decreased approximately \$959,000; roads and transportation expenses decreased approximately \$614,000; administration expenses increased approximately \$261,000; non-program expenses decreased approximately \$272,000.
- Buena Vista County's net position increased \$5,253,734, or approximately 19.6%, from June 30, 2012, to June 30, 2013, in a large part due to State funding of Secondary Road projects through Farm to Market Funds.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the County's financial activities.
- The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Buena Vista County as a whole and present an overall view of the County's finances.
- The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Buena Vista County's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Buena Vista County acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).
- Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.
- Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.
- Supplementary Information provides detailed information about the nonmajor governmental funds and the individual Agency Funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the County.

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information which helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

The Statement of Net Position presents all of the County's assets and liabilities, with the difference between the two reported as "net position". Over time, increases or decreases in the County's net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

The County's governmental activities are presented in the Statement of Net Position and the Statement of Activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, interest on long-term debt, and non-program activities. Property tax and state and federal grants finance most of these activities.

Fund Financial Statements

The County has three kinds of funds:

1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds, and the balances left at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Mental Health, Rural Services, and Secondary Roads, and 3) the Debt Service Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures, and changes in fund balances.

2) Proprietary funds account for the County's Internal Service, Employee Group Health Fund. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

The required financial statements for proprietary funds include a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Fund Net Position, and a Statement of Cash Flows.

3) Fiduciary funds are used to report assets held in a trust or agency capacity for others which cannot be used to support the County's own programs. These fiduciary funds include Agency Funds that account for emergency management services and the County Assessor, to name a few.

The required financial statement for fiduciary funds is a Statement of Fiduciary Assets and Liabilities.

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES - (Continued)

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. The analysis that follows focuses on the changes in the net position of governmental activities.

Net Position of Governmental Activities		
	June 30,	
	<u>2013</u>	<u>2012</u>
Current and other assets	\$ 23,537,677	\$ 21,721,158
Capital assets	<u>29,050,676</u>	<u>25,542,423</u>
Total assets	<u>52,588,353</u>	<u>47,263,581</u>
Long-term liabilities	10,576,119	10,557,721
Other liabilities	<u>9,965,933</u>	<u>9,913,293</u>
Total liabilities	<u>20,542,052</u>	<u>20,471,014</u>
Net position		
Net investment in capital assets	21,773,820	21,887,246
Restricted	9,572,755	5,110,034
Unrestricted	<u>699,726</u>	<u>(204,713)</u>
Total net position, as restated	<u>\$ 32,046,301</u>	<u>\$ 26,792,567</u>

Net position of Buena Vista County's governmental activities increased 19.6% (32 million compared to \$26.8 million). The largest portion of the County's net position is invested in capital assets (e.g., land, infrastructure, intangibles, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net position represents resources subject to external restrictions, constitutional provisions, or enabling legislation on how they can be used. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – increased from approximately \$(205,000) at June 30, 2012 to approximately \$700,000 at the end of this year, an increase of 4%.

GOVERNMENT-WIDE FINANCIAL ANALYSIS - (Continued)**Changes in Net Position of Governmental Activities**

	Year Ended June 30,	
	<u>2013</u>	<u>2012</u>
Revenues:		
Program revenues:		
Charges for service	\$ 1,437,044	\$ 1,370,933
Operating grants, contributions, and restricted interest	3,705,191	4,364,379
Capital grants, contributions, and restricted interest	4,453,878	1,129,245
General revenues:		
Property tax	8,365,343	8,164,574
Penalty and interest on property tax	90,486	48,637
Local option sales tax	754,992	801,499
State tax credits	310,711	253,922
Grants and contributions not restricted to specific purposes	140,658	133,339
Unrestricted investment earnings	85,483	103,014
Other general revenues	<u>55,934</u>	<u>43,274</u>
Total revenues	<u>19,399,720</u>	<u>16,412,816</u>
Program expenses:		
Public safety and legal services	3,323,399	3,098,390
Physical health and social services	1,166,193	1,087,850
Mental health	707,831	1,667,181
County environment and education	788,510	818,508
Roads and transportation	4,693,319	5,307,525
Governmental services to residents	707,768	686,719
Administration	2,077,118	1,815,808
Non-program	321,793	593,851
Interest on long-term debt	<u>360,055</u>	<u>320,752</u>
Total expenses	<u>14,145,986</u>	<u>15,396,584</u>
Increase in net position	5,253,734	1,016,232
Net position beginning of year, as restated	<u>26,792,567</u>	<u>25,776,335</u>
Net position end of year, as restated	<u>\$32,046,301</u>	<u>\$26,792,567</u>

Buena Vista County's net position of governmental activities increased approximately \$5,254,000 during the year. Revenues for governmental activities increased approximately \$2,987,000 over the prior year.

The cost of all governmental activities this year was approximately \$14 million compared to approximately \$15 million last year. However, as shown in the Statement of Activities on page 15, the amount taxpayers ultimately financed for these activities was only \$4.5 million because some of the cost was paid by those directly benefited from the programs (\$1.4 million) or by other governments and organizations which subsidized certain programs with grants and contributions (\$8.2 million). Overall, the County's governmental program revenues, including intergovernmental aid and fees for services, increased in fiscal year 2013 from approximately \$6.9 million to approximately \$9.6 million.

INDIVIDUAL MAJOR FUND ANALYSIS

As Buena Vista County completed the year, its governmental funds reported a combined fund balance of \$13,317,009, an increase of \$1,746,499 from FY'12's total of \$11,570,510.

- From FY'12 to FY'13, General Fund expenditures increased \$531,572, and revenues increased \$189,834.
- Mental Health Fund expenditures decreased \$970,233 and revenues decreased \$566,972. The ending fund balance increased \$107,208.
- Rural Services Fund expenditures decreased \$162,209, and revenues increased \$6,572. The ending fund balance increased \$30,629.
- Secondary Roads Fund expenditures decreased \$324,790, and revenues increased \$320,452. The ending fund balance increased \$764,920.
- Debt Service Fund expenditures increased \$19,200, revenues decreased \$210,822, and other financing sources decreased \$3,446,580. The ending fund balance decreased \$93,460.

BUDGETARY HIGHLIGHTS

During FY'13, Buena Vista County amended its budget three times. The first amendment, approved April 30, 2013, included a total increase in revenues of \$72,931 due to a Veterans Allocation of \$10,000, Election reimbursement of \$2,900, Public Health Grants for \$6,600, a reduction in the road use tax of \$2,569, Charges for Services of \$62,500 for the Secondary Roads, a reduction in Use of Money & Property for Secondary Roads of \$3,000, and a reduction in Miscellaneous Revenues for Secondary Roads of \$3,500. Expenses were increased a total of \$381,447, including \$4,000 for Sheriff's Department bullet proof vests, \$3,500 Sheriff vehicle repairs, \$10,000 for Jail medical care of prisoners, \$1,800 for Jail in-house detention, \$25,798 for an additional employee, including benefits, equipment, and overhead for the County Attorney, \$4,000 for Medical Examiner expense, \$10,000 for the Veterans allocation, \$30,000 in additional group foster care, \$6,600 for Public Health grant expenditures, \$1,182 for additional Housing Trust, \$375 for Glacial Trail contribution, \$172,195 for changes in administration, roadway maintenance, and general roadway expenditures, \$4,000 additional election equipment maintenance, \$2,900 special election expense, \$3,500 Motor Vehicle postage, \$8,000 Drivers License part-time salary, insurance, mileage, \$5,586 for Supervisors legal fees, \$12,288 for the final HAZMAT Mitigation payment, \$16,149 for I.T. Department upgrade virus software, phone charges, and VMWare, \$3,100 for Tax Department postage and insurance, \$6,925 for capital projects loan legal fees, \$45,049 for heating and air conditioning courthouse repairs, \$2,500 for Public Health computer, \$2,000 for Drivers License additional workstation and wiring.

The second amendment was approved June 1, 2013, and included additional expenses for a total of \$150,000 for an additional LEC bond payment.

The third amendment was approved June 25, 2013, included a total increase in revenues of \$9,113 due to an EMS grant for \$9,113. Expenses were increased a total of \$47,473, including \$2,614 for EMS grant expenses, \$8,000 juvenile detention charges, \$36,471 for dredge insurance coverage, and \$388 for interest on the Capital Projects Loan.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2013, Buena Vista County had approximately \$37.75 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads, and bridges. This is a net increase (including additions and deletions) of approximately \$4,453,000, or 13.3 percent over last year.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)

	<u>June 30</u>	
	<u>2013</u>	<u>2012</u>
Land	\$ 878	\$ 878
Construction in progress	98	1
Buildings and improvements	7,678	7,678
Equipment and vehicles	8,398	8,071
Intangibles	198	198
Infrastructure	<u>20,495</u>	<u>16,466</u>
Total	<u>\$37,745</u>	<u>\$33,292</u>

The County had depreciation/amortization expense of \$1,094,900 in FY'13 and total accumulated depreciation/amortization of \$8,694,699 at June 30, 2013.

More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

Long Term Debt

The County's FY'13 statutory debt limit was 5% of the assessed valuation, or \$79,361,197. At June 30, 2013, Buena Vista County had \$9,310,949 in outstanding general obligation bonds, or 11.73% of capacity. The County has a current Standard & Poor's rating of A+.

Other obligations include accrued vacation pay and compensatory time, drainage district warrants, and other postemployment benefits. Additional information about the County's long-term debt is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

According to the U.S. Census Bureau, the 2010 population of Buena Vista County was estimated at 20,260 with an unemployment rate of 3.7% in 2012, compared to 4.4% for the state of Iowa. The most recent median household income adjusted for inflation was \$46,947 in 2012.

The FY'14 budget overall tax asking increased \$369,300. The Rural Basic tax asking increased \$67,991, and the Debt Service decreased \$1,932 due to the dredge schedule ending. The General Basic Levy remained at the \$3.50 limit. Total budgeted expenditures are down .04% and budget revenues are up 1.9%

The total levy rate for FY'14 is 10.14692/thousand, up .03313 from FY'13. The countywide rate increased .03313/thousand, and the rural basic rate is unchanged.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of Buena Vista County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Buena Vista County Auditor's Office, 215 E. 5th St., P.O. Box 220, Storm Lake, Iowa, 50588.

BUENA VISTA COUNTY
STATEMENT OF NET POSITION
JUNE 30, 2013

Exhibit A

	Governmental Activities
<u>ASSETS</u>	
Cash, cash equivalents and pooled investments	\$ 9,824,967
U.S. Treasury Securities on deposit with escrow agent	3,398,366
Receivables (net of allowances for uncollectibles):	
Property tax:	
Delinquent	66,362
Succeeding year	8,799,476
Interest and penalty on property tax	51,828
Accounts	107,459
Accrued interest	3,406
Drainage assessments	76,526
Due from other governments	1,092,868
Prepaid expenses	116,419
Land	878,489
Construction in progress	98,153
Capital assets (net of accumulated depreciation/amortization)	<u>28,074,034</u>
Total assets	<u>52,588,353</u>
<u>LIABILITIES</u>	
Accounts payable	679,392
Accrued interest payable	73,624
Salaries and benefits payable	201,806
Due to other governments	30,175
Deferred revenue:	
Succeeding year property tax	8,799,476
Other	181,460
Long-term liabilities:	
Portion due or payable within one year:	
General obligation bonds and notes	765,000
Compensated absences	405,846
Portion due or payable after one year:	
General obligation bonds and notes	8,545,949
Drainage warrants/drainage improvement certificates payable	825,235
Net OPEB liability	<u>34,089</u>
Total liabilities	<u>20,542,052</u>
<u>NET POSITION</u>	
Net investment in capital assets	21,773,820
Restricted for:	
Supplemental levy purposes	672,842
Mental health purposes	649,972
Rural services purposes	348,459
Secondary roads purposes	4,049,432
Debt service	3,418,431
Other purposes	433,619
Unrestricted	<u>699,726</u>
Total net position	<u>\$ 32,046,301</u>

See notes to financial statements.

BUENA VISTA COUNTY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013

Exhibit B

Functions/Programs	Expenses	Charges for Service	Program Revenues		Net (Expense) Revenue and Changes in Net Position
			Operating Grants, Contributions, and Restricted Interest	Capital Grants, Contributions, and Restricted Interest	
Governmental activities:					
Public safety and legal services	\$ 3,323,399	\$ 298,810	\$ 229,698	\$ -	\$ (2,794,891)
Physical health and social services	1,166,193	255,944	350,909	-	(559,340)
Mental health	707,831	20,815	228,146	-	(458,870)
County environment and education	788,510	23,985	9,283	-	(755,242)
Roads and transportation	4,693,319	262,094	2,837,232	4,008,480	2,414,487
Governmental services to residents	707,768	417,484	6,450	-	(283,834)
Administration	2,077,118	144,200	29,387	-	(1,903,531)
Non-program	321,793	13,712	1,094	445,398	138,411
Interest on long-term debt	360,055	-	12,992	-	(347,063)
Total	<u>\$ 14,145,986</u>	<u>\$ 1,437,044</u>	<u>\$ 3,705,191</u>	<u>\$ 4,453,878</u>	<u>(4,549,873)</u>
General Revenues:					
Property and other county tax levied for:					
General purposes					7,504,365
Debt service					860,978
Penalty and interest on property tax					90,486
State tax credits					310,711
Local option sales tax					754,992
Grants and contributions not restricted to specific purposes					140,658
Unrestricted investment earnings					85,483
Miscellaneous					55,934
Total general revenues					<u>9,803,607</u>
Change in net position					5,253,734
Net position beginning of year, as restated					<u>26,792,567</u>
Net position end of year					<u>\$ 32,046,301</u>

See notes to financial statements.

BUENA VISTA COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

Exhibit C

		Special Revenue					
	General	Mental Health	Rural Services	Secondary Roads	Debt Service	Nonmajor	Total
<u>ASSETS</u>							
Cash, cash equivalents and pooled investments	\$ 3,762,038	\$ 648,072	\$ 347,102	\$3,965,826	\$ 29,915	\$ 814,693	\$ 9,567,646
U.S. Treasury Securities on deposit with escrow agent	-	-	-	-	3,398,366	-	3,398,366
Receivables:							
Property tax:							
Delinquent	45,483	5,418	688	-	14,773	-	66,362
Succeeding year	5,423,544	646,004	1,777,651	-	952,277	-	8,799,476
Interest and penalty on property tax	160,952	-	-	-	-	-	160,952
Accounts	86,330	1,223	-	17,107	-	352	105,012
Accrued interest	3,186	-	-	-	-	19	3,205
Drainage assessments	-	-	-	-	-	76,526	76,526
Due from other governments	199,549	38,333	49,100	732,235	-	73,650	1,092,867
Prepaid expenses	170,427	2,510	2,033	20,285	-	-	195,255
Total assets	<u>\$ 9,851,509</u>	<u>\$ 1,341,560</u>	<u>\$ 2,176,574</u>	<u>\$4,735,453</u>	<u>\$ 4,395,331</u>	<u>\$ 965,240</u>	<u>\$23,465,667</u>
<u>LIABILITIES AND FUND BALANCES</u>							
Liabilities:							
Accounts payable	\$ 123,948	\$ 33,298	\$ 5,960	\$ 460,317	\$ -	\$ 55,869	\$ 679,392
Interest payable	-	-	-	-	-	49,001	49,001
Salaries and benefits payable	116,782	7,672	9,717	67,635	-	-	201,806
Due to other governments	20,590	2,353	1,802	2,271	-	3,159	30,175
Deferred revenue:							
Succeeding year property tax	5,423,544	646,004	1,777,651	-	952,277	-	8,799,476
Other	206,486	5,418	688	84,917	14,773	76,526	388,808
Total liabilities	<u>5,891,350</u>	<u>694,745</u>	<u>1,795,818</u>	<u>615,140</u>	<u>967,050</u>	<u>184,555</u>	<u>10,148,658</u>
Fund balances:							
Nonspendable:							
Prepaid expenses	170,427	2,510	2,033	20,285	-	-	195,255
Restricted for:							
Supplemental levy purposes	672,842	-	-	-	-	-	672,842
Mental health purposes	-	644,305	-	-	-	-	644,305
Rural services purposes	-	-	266,223	-	-	-	266,223
Secondary roads purposes	-	-	-	4,100,028	-	-	4,100,028
Debt service	-	-	-	-	3,428,281	-	3,428,281
Other purposes	-	-	-	-	-	780,685	780,685
Committed for:							
County trail system projects	337,500	-	112,500	-	-	-	450,000
Heritage Tours	243	-	-	-	-	-	243
Unassigned	2,779,147	-	-	-	-	-	2,779,147
Total fund balances	<u>3,960,159</u>	<u>646,815</u>	<u>380,756</u>	<u>4,120,313</u>	<u>3,428,281</u>	<u>780,685</u>	<u>13,317,009</u>
Total liabilities and fund balances	<u>\$ 9,851,509</u>	<u>\$ 1,341,560</u>	<u>\$ 2,176,574</u>	<u>\$4,735,453</u>	<u>\$ 4,395,331</u>	<u>\$ 965,240</u>	<u>\$23,465,667</u>

See notes to financial statements.

BUENA VISTA COUNTY
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2013

Exhibit D

Total governmental fund balances	\$ 13,317,009
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$37,745,375 and the accumulated depreciation/amortization is \$8,694,699	29,050,676
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	227,303
The allowance for uncollectible accounts receivable is not reported in the governmental funds.	(109,124)
The Internal Service Fund is used by management to charge the costs of the partial self funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included with governmental activities in the Statement of Net Position.	161,179
Long-term liabilities, including notes payable, accrued interest payable on general obligation bonds and notes, compensated absences payable, other postemployment benefits payable, and drainage warrants payable are, not due and payable in the current period and, therefore, are not reported in the governmental funds.	<u>(10,600,742)</u>
Net position of governmental activities	<u>\$ 32,046,301</u>

See notes to financial statements.

BUENA VISTA COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2013

Exhibit E

		Special Revenue					
	General	Mental Health	Rural Services	Secondary Roads	Debt Service	Nonmajor	Total
Revenues:							
Property and other County tax	\$ 5,227,323	\$ 555,579	\$2,014,171	-	\$ 858,826	\$ 452,995	\$ 9,108,894
Interest and penalty on property tax	45,094	-	-	-	-	-	45,094
Intergovernmental	1,094,405	248,800	66,845	3,438,501	31,383	6,893	4,886,827
Licenses and permits	43,654	-	850	6,325	-	-	50,829
Charges for services	567,695	8,880	1,540	136,152	-	38,045	752,312
Use of money and property	68,367	-	-	-	12,992	14,104	95,463
Miscellaneous	66,279	-	314	33,079	-	480,504	580,176
Total revenues	<u>7,112,817</u>	<u>813,259</u>	<u>2,083,720</u>	<u>3,614,057</u>	<u>903,201</u>	<u>992,541</u>	<u>15,519,595</u>
Expenditures:							
Operating:							
Public safety and legal services	2,886,205	-	242,822	-	-	4,174	3,133,201
Physical health and social services	1,134,781	-	-	-	-	-	1,134,781
Mental health	-	706,051	-	-	-	-	706,051
County environment and education	351,268	-	313,102	(399)	-	-	663,971
Roads and transportation	4,972	-	-	4,220,229	-	-	4,225,201
Governmental services to residents	683,669	-	2,787	-	-	-	686,456
Administration	1,511,586	-	11,200	-	-	9,829	1,532,615
Non-program	4,333	-	-	-	-	354,549	358,882
Debt service	-	-	-	-	1,131,661	-	1,131,661
Capital projects	333,148	-	-	772,278	-	7,756	1,113,182
Total expenditures	<u>6,909,962</u>	<u>706,051</u>	<u>569,911</u>	<u>4,992,108</u>	<u>1,131,661</u>	<u>376,308</u>	<u>14,686,001</u>
Excess (deficiency) of revenues over expenditures	<u>202,855</u>	<u>107,208</u>	<u>1,513,809</u>	<u>(1,378,051)</u>	<u>(228,460)</u>	<u>616,233</u>	<u>833,594</u>
Other financing sources (uses):							
Sale of capital assets	45,981	-	-	60,692	-	-	106,673
Proceeds of long-term debt	762,411	-	-	-	-	-	762,411
Operating transfers in (out)	(308,510)	-	(1,483,180)	2,082,279	135,000	(425,589)	-
Drainage district warrants	-	-	-	-	-	43,821	43,821
Total other financing sources (uses)	<u>499,882</u>	<u>-</u>	<u>(1,483,180)</u>	<u>2,142,971</u>	<u>135,000</u>	<u>(381,768)</u>	<u>912,905</u>
Net change in fund balances	702,737	107,208	30,629	764,920	(93,460)	234,465	1,746,499
Fund balances, beginning of year, as restated	<u>3,257,422</u>	<u>539,607</u>	<u>350,127</u>	<u>3,355,393</u>	<u>3,521,741</u>	<u>546,220</u>	<u>11,570,510</u>
Fund balances, end of year	<u>\$ 3,960,159</u>	<u>\$ 646,815</u>	<u>\$ 380,756</u>	<u>\$ 4,120,313</u>	<u>\$ 3,428,281</u>	<u>\$ 780,685</u>	<u>\$13,317,009</u>

See notes to financial statements.

BUENA VISTA COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013

Exhibit F

Net change in fund balances - Total governmental funds			\$ 1,746,499
Amounts reported for governmental activities in the Statement of Activities are different because:			
Governmental funds report capital outlays as expenditures while governmental activities report depreciation/amortization expense to allocate those expenditures over the life of the assets. Capital outlay expenditures and contributed capital assets exceeded depreciation expense in the current year as follows:			
Expenditures for capital assets	\$ 1,242,871		
Capital assets contributed by the Iowa Department of Transportation	3,416,786		
Depreciation/amortization expense	<u>(1,094,900)</u>	3,564,757	
In the Statement of Activities, the net effect of various transactions involving capital assets (i.e., sales and trade-ins) is reflected in depreciation/amortization expense, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources.			(56,505)
Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are deferred in the governmental funds as follows:			
Property tax			4,136
The decrease in the allowance for uncollectible accounts receivable is not reported in the fund financial statements.			52,697
Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Current year repayments exceeded issues as follows:			
Repaid general obligation bonds	820,000		
Issued general obligation bonds	(762,175)		
Issued drainage district warrants	(433,991)		
Redeemed drainage district warrants	390,169		
Amortization of deferred charges	(7,258)		
Amortization of discount on long-term debt	<u>(4,952)</u>	1,793	
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:			
Compensated absences	(12,147)		
Other post employment benefits	(8,044)		
Interest on long-term debt	<u>673</u>	(19,518)	
The Internal Service Fund is used by management to charge the costs of employee health benefits to individual funds. The change in net position of the Internal Service Fund is reported with governmental activities.			(40,125)
Change in net position of governmental activities			<u>\$ 5,253,734</u>

See notes to financial statements.

BUENA VISTA COUNTY
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2013

Exhibit G

	Internal Service Employee Group <u>Health</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 257,321
Interest receivable	202
Accounts receivable	<u>2,447</u>
Total assets	<u>259,970</u>
 <u>LIABILITIES</u>	
Deferred revenue	<u>98,791</u>
Total liabilities	<u>98,791</u>
 <u>NET POSITION</u>	
Unrestricted	<u>\$ 161,179</u>

See notes to financial statements.

BUENA VISTA COUNTY
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2013

Exhibit H

	Internal Service Employee Group Health
Operating revenues:	
Reimbursements from operating funds	\$ 940,810
Reimbursements from employees and others	<u>353,325</u>
Total operating revenues	<u>1,294,135</u>
 Operating expenses:	
Medical claims and administrative fees	<u>1,337,273</u>
Operating loss	(43,138)
 Non-operating revenues:	
Interest income	<u>3,013</u>
Net loss	(40,125)
 Net position beginning of year	<u>201,304</u>
 Net position end of year	<u>\$ 161,179</u>

See notes to financial statements.

BUENA VISTA COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2013

Exhibit I

	<u>Internal Service Employee Group Health</u>
Cash flows from operating activities:	
Cash received from operating fund reimbursements and employees	\$ 1,315,545
Cash payments for medical claims and administrative fees	<u>(1,254,003)</u>
Net cash provided by operating activities	61,542
Cash flows from investing activities:	
Interest on investments	<u>3,020</u>
Net increase in cash and cash equivalents	64,562
Cash and cash equivalents, beginning of year	<u>192,759</u>
Cash and cash equivalents, end of year	<u>\$ 257,321</u>
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	\$ (43,138)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Decrease in accounts receivable	13,016
Decrease in prepaid expense	83,270
Increase in deferred revenue	<u>8,394</u>
Net cash provided by operating activities	<u>\$ 61,542</u>

See notes to financial statements.

BUENA VISTA COUNTY
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2013

Exhibit J

ASSETS

Cash and pooled investments:

County Treasurer	\$ 1,636,837
Other County officials	74,964

Receivables:

Property tax:

Delinquent	526,268
Succeeding year	21,862,030

Accounts	37,934
----------	--------

Due from other governments	17,727
----------------------------	--------

Special assessments	903,761
---------------------	---------

Prepaid expenses	208
------------------	-----

Total assets	<u>25,059,729</u>
--------------	-------------------

LIABILITIES

Accounts payable	17,646
------------------	--------

Salaries and benefits payable	10,340
-------------------------------	--------

Due to other governments	24,986,395
--------------------------	------------

Trusts payable	<u>45,348</u>
----------------	---------------

Total liabilities	<u>25,059,729</u>
-------------------	-------------------

Net Position	<u>\$ -</u>
--------------	-------------

See notes to financial statements.

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

(1) Summary of Significant Accounting Policies

Buena Vista County is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff, and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance, and general administrative services.

The County's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Buena Vista County has included all funds, organizations, agencies, boards, commissions, and authorities. The County has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on, the County.

These financial statements present Buena Vista County (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Blended Component Units - The following component units are entities which are legally separate from the County, but are so intertwined with the County that they are, in substance, the same as the County. They are reported as part of the County and blended into the appropriate funds.

Two hundred twenty-eight drainage districts have been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although these districts are legally separate from the County, they are controlled, managed, and supervised by the Buena Vista County Board of Supervisors. The drainage districts are reported as a Special Revenue Fund. Financial information of the individual drainage districts can be obtained from the Buena Vista County Auditor's office.

Jointly Governed Organizations -The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Buena Vista County Assessor's Conference Board, Buena Vista County Joint Disaster Services Commission, Early Childhood Iowa Area Board, Buena Vista County Solid Waste Commission, Northwest Iowa Multi-county Regional Juvenile Detention Center, and Buena Vista County E911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

(1) Summary of Significant Accounting Policies - (Continued)

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Position (previously referred to as net assets) and the Statement of Activities report information on all of the nonfiduciary activities of the County and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues, and other nonexchange transactions.

The Statement of Net Position presents the County's nonfiduciary assets and liabilities, with the difference reported as net position. Net position is reported in the following categories.

Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances for bonds, notes, and other debt attributable to the acquisition, construction, or improvement of those assets.

Restricted net position results when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of net position not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants, contributions, and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The County reports the following major governmental funds:

The General Fund is the main operating fund of the County. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges, and the capital improvement costs that are not paid from other funds.

Special Revenue:

The Mental Health Fund is used to account for property tax and other revenues to be used to fund mental health, mental retardation, and developmental disabilities services.

The Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing in the county outside of incorporated city areas.

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

(1) Summary of Significant Accounting Policies - (Continued)

B. Basis of Presentation - (Continued)

The Secondary Roads Fund is used to account for the road use tax allocation from the State of Iowa, required transfers from the General and the Special Revenue, Rural Services Funds, and other revenues to be used for secondary road construction and maintenance.

The Debt Service Fund is utilized to account for property tax and other revenues to be used for the payment of interest and principal on the County's general long-term debt.

Additionally, the County reports the following funds:

Proprietary Fund - An Internal Service Fund is utilized to account for the financing of goods or services purchased by one department of the County and provided to other departments or agencies on a cost reimbursement basis.

Fiduciary Funds - Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary fund, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the County considers property tax revenues to be available if they are collected within 60 days after year end. A one-year availability period is used for revenue recognition for all other governmental fund revenues.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments), and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the County.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

(1) Summary of Significant Accounting Policies - (Continued)

C. Measurement Focus and Basis of Accounting - (Continued)

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the County's policy is to pay the expenditure from restricted fund balance and then from less-restrictive classifications – committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Internal Service Fund are charges to customers for sales and services. Operating expenses for Internal Service Funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The County maintains its financial records on the cash basis. The financial statements of the County are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities, and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Cash Equivalents, and Pooled Investments - The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund, unless otherwise provided by law. Investments are stated at fair value except for non-negotiable certificates of deposit, which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable - Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements, and will not be recognized as revenue until the year for which it is levied.

Property tax revenues recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1.5% per month penalty for delinquent payments; is based on January 1, 2011, assessed property valuations; is for the tax accrual period July 1, 2012, through June 30, 2013; and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2012.

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

(1) Summary of Significant Accounting Policies - (Continued)

D. Assets, Liabilities, and Fund Equity - (Continued)

Interest and Penalty on Property Tax Receivable - Interest and penalty on property tax receivable represents the amount of interest and penalty that was due and payable but has not been collected.

Drainage Assessments Receivable - Drainage assessments receivable represent amounts assessed to individuals for work done on drainage districts which benefit their property. These assessments are payable by individuals in not less than ten nor more than twenty annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Drainage assessments receivable represent assessments which are payable but not yet due.

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants, and reimbursements from other governments.

Prepays - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid in both the government-wide and fund financial statements on the consumption method.

Capital Assets - Capital assets, which include property, equipment and vehicles, intangibles, and infrastructure assets acquired after July 1, 1980 (e.g., roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Position. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds, and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Infrastructure	\$ 65,000
Intangibles	50,000
Land, buildings, and improvements	25,000
Equipment and vehicles	5,000

Capital assets of the County are depreciated/amortized using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	20-75
Building improvements	20-75
Infrastructure	20-75
Intangibles	8-10
Equipment	3-25
Vehicles	4-15

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

(1) Summary of Significant Accounting Policies - (Continued)

D. Assets, Liabilities, and Fund Equity - (Continued)

Due to Other Governments - Due to other governments represents taxes and other revenues collected by the County and payments for services which will be remitted to other governments.

Trusts Payable - Trusts payable represents amounts due to others which are held by various County officials in fiduciary capacities until the underlying legal matters are resolved.

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred revenue consists of succeeding year property tax receivable, as well as delinquent property tax receivable not collected within sixty days after year end and drainage assessments receivable.

Deferred revenue in the Statement of Net Position consists of succeeding year property tax receivable and drainage assessments receivable that will not be recognized as revenue until the year for which it is levied and contributions from external customers in the Employee Group Health Fund.

Compensated Absences - County employees accumulate a limited amount of earned but unused vacation and compensatory hours for subsequent use or for payment upon termination, death, or retirement. A liability is recorded when incurred in the government-wide, proprietary fund, and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2013. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services, and Secondary Roads Funds.

Long-Term Liabilities - In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund Statement of Net Position. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity - In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors, or state or federal laws; or are imposed by law through constitutional provisions or enabling legislation.

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

(1) Summary of Significant Accounting Policies - (Continued)

D. Assets, Liabilities, and Fund Equity - (Continued)

Fund Equity –(Continued)

Committed – Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the Board of Supervisors through ordinance or resolution approved prior to year end. Committed amounts cannot be used for any other purpose unless the Board of Supervisors removes or changes the specified use by taking the same action it employed to commit those amounts.

Assigned – Amounts the Board of Supervisors intend to use for specific purposes.

Unassigned – All amounts not included in the preceding classifications.

Net Position - The net position of the Internal Service, Employee Group Health Fund is designated for anticipated future catastrophic losses of the County.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

F. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

(2) Cash, Cash Equivalents and Pooled Investments

The County's deposits in banks at June 30, 2013, were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

Investments are stated at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

(2) Cash, Cash Equivalents and Pooled Investments - (Continued)

At June 30, 2013, the County had the following investments:

<u>Type</u>	<u>Fair Value</u>	<u>Maturity</u>
U.S. Treasury Securities	\$ 39,154	Dec. 2013
U.S. Treasury Securities	3,359,211	June 2014
Stamped drainage warrants	<u>8,311</u>	Indefinite
	<u>\$ 3,406,676</u>	

The above U.S. Treasury Securities are held in escrow to be used for refunding the Series 2006 general obligation notes.

Interest rate risk - The County's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the County.

(3) Landfill Agreement

The County participates in an agreement with Buena Vista County Solid Waste Commission, a political subdivision created under Chapter 28E of the Code of Iowa. The purpose of the Commission includes providing economic disposal of solid waste produced or generated within the county. Payments to that commission totaled \$153,772 during the year ended June 30, 2013.

The County has guaranteed closure and post-closure costs of the landfill per Chapter 567-113.14(6f) of the Iowa Administrative Code. The total costs have been estimated at approximately \$26,286 and \$875,205, respectively as of June 30, 2012. The landfill was closed September 30, 2008. The Commission has begun to accumulate resources to fund these costs, and at June 30, 2012, assets of \$262,683 are restricted for this purpose.

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

(4) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2013, is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	General Supplemental	\$ 140,548
Special Revenue: Secondary Roads	General	145,402
	Special Revenue: Rural Services	1,483,180
	Local Option Secondary Roads	<u>453,697</u>
		2,082,279
Conservation Land Acquisition Trust	General	10,675
Jail Security	General	17,433
Debt Service	General	<u>135,000</u>
Total		<u>\$ 2,385,935</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

(5) Capital Assets

Capital assets activity for the year ended June 30, 2013 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 878,489	\$ -	\$ -	\$ 878,489
Construction in progress	737	4,126,256	(4,028,840)	98,153
Total capital assets not being depreciated	879,226	4,126,256	(4,028,840)	976,642
Capital assets being depreciated				
Buildings	7,678,216	-	-	7,678,216
Equipment and vehicles	8,071,242	560,077	(233,112)	8,398,207
Intangibles	197,775	-	-	197,775
Infrastructure, road network	16,465,695	4,028,840	-	20,494,535
Total capital assets being depreciated/amortized	32,412,928	4,588,917	(233,112)	36,768,733
Less accumulated depreciation for:				
Buildings	1,515,903	121,397	-	1,637,300
Equipment and vehicles	4,031,168	351,069	(149,932)	4,232,305
Intangibles	120,867	19,013	-	139,880
Infrastructure, road network	2,081,793	603,421	-	2,685,214
Total accumulated depreciation	7,749,731	1,094,900	(149,932)	8,694,699
Total capital assets being depreciated, net	24,663,197	3,494,017	(83,180)	28,074,034
Governmental activities capital assets, net	\$ 25,542,423	\$ 7,620,273	\$ (4,112,020)	\$ 29,050,676

Depreciation expense was charged to the following functions:

Governmental activities	
Public safety and legal services	\$ 119,677
Physical health and social services	15,269
Mental health	2,020
County environment and education	56,699
Roads and transportation	811,068
Governmental services to residents	14,052
Administration	76,115
Total depreciation expense--governmental activities	<u>\$ 1,094,900</u>

See accompanying independent auditor's report.

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

(6) Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. The Agency Fund collections also include accruals of property tax for the succeeding year. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments is as follows:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General	Services	\$ 20,590
Special Revenue:		
County Recorder's Records Management	Services	\$ 3,159
Rural Services		1,802
Secondary Roads		2,271
Mental Health		<u>2,353</u>
Total for governmental funds		<u>\$ 30,175</u>
Agency:		
County Assessor	Collections	\$ 1,002,856
Auto License and Use Tax		453,336
Community Colleges		890,607
Corporations		6,418,143
Schools		13,997,241
All other		<u>2,224,212</u>
Total for agency funds		<u>\$ 24,986,395</u>

(7) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2013, is as follows:

	Balance, Beginning of year	Increases	Decreases	Balance, end of year	Due within one year
Drainage warrants/improvement certificates/drainage district deficit balances	\$ 781,413	\$ 433,991	\$ 390,169	\$ 825,235	\$ -
General obligation bonds	9,455,000	770,000	820,000	9,405,000	765,000
Deferred charges on refinanced debt	(28,613)	5,723	-	(22,890)	-
Deferred charges on refinanced debt	(21,366)	1,535	-	(19,831)	-
Bond discount on LEC bonds	(48,457)	3,468	-	(44,989)	-
Bond discount on general obligation bonds	-	1,484	7,825	(6,341)	-
Compensated absences	393,699	12,147	-	405,846	405,846
Net OPEB liability	26,045	8,044	-	34,089	-
Total	<u>\$ 10,557,721</u>	<u>\$ 1,236,392</u>	<u>\$ 1,217,994</u>	<u>\$ 10,576,119</u>	<u>\$ 1,170,846</u>

See accompanying independent auditor's report.

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

(7) Long-Term Liabilities – (Continued)

A. Bonds Payable

A summary of the County's June 30, 2013, general obligation bonded indebtedness is as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2014	1.00-4.25	765,000	295,473	1,060,473
2015	1.00-4.30	1,045,000	278,325	1,323,325
2016	1.00-4.35	1,075,000	253,823	1,328,823
2017	1.00-4.40	1,100,000	226,885	1,326,885
2018	2.00-4.45	525,000	197,750	722,750
2019-2023	2.10-4.65	2,890,000	716,921	3,606,921
2024-2028	3.05-4.80	<u>2,005,000</u>	<u>161,433</u>	<u>2,166,433</u>
Total		<u>\$ 9,405,000</u>	<u>\$ 2,130,610</u>	<u>\$ 11,535,610</u>

During the year ended June 30, 2013, the County issued \$770,000 of general obligation bonds and retired \$820,000 of bonds.

General Obligation Refunding Bonds

On September 1, 2011, the County issued \$3,580,000 of general obligation refunding bonds, with interest rates ranging from 2% to 3.25%, for a crossover refunding of the general obligation law enforcement bonds issued August 15, 2006. The County entered into an escrow agreement whereby the proceeds from the general obligation refunding bonds were converted into U.S. Treasury Securities. These securities along with additional cash were placed in an escrow account for the express purpose of paying the \$3,320,000 principal on the general obligation law enforcement bonds, series 2006, when they become callable on June 1, 2014 and the interest from September 1, 2011 to and including June 1, 2014 on the refunding bonds. After the principal and interest on all of the outstanding bonds have been paid, any remaining funds in the escrow account, together with any interest thereon, shall be returned to the County. The transactions, balances and liabilities of the escrow account are recorded by the County since the refunded debt is not considered extinguished.

B. Drainage Warrants/Drainage Improvement Certificates Payable

Drainage warrants are warrants which are legally drawn on drainage district funds but are not paid for lack of funds, in accordance with Chapter 74 of the Code of Iowa. The warrants bear interest at rates in effect at the time the warrants are first presented. Warrants will be paid as funds are available.

Drainage improvement certificates payable represent amounts due to purchasers of drainage improvement certificates. Drainage improvement certificates are waivers that provide for a landowner to pay an improvement assessment in installment payments over a designated number of years with interest at a designated interest rate. The improvement certificates representing those assessments or installments due from the landowner are sold for cash as interest bearing certificates. Funds received from the sale of certificates are used to pay outstanding registered warrants issued to contractors who perform work on drainage district improvements and registered warrants issued for other related costs. Drainage improvement certificates are redeemed and interest is paid to the bearer of the certificate upon receipt of the installment payment, plus interest, from the landowner.

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Drainage warrants and drainage improvement certificates are paid from the Special Revenue, Drainage Districts Fund solely from drainage assessments against benefited properties.

(8) Pension and Retirement Benefits

The County contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, IA, 50306-9117.

Most regular plan members are required to contribute 5.78% of their annual covered salary and the County is required to contribute 8.67% of covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2013, 2012, and 2011, were \$502,427, \$454,971, and \$378,605, respectively, equal to the required contributions for each year.

(9) Other Postemployment Benefits (OPEB)

Plan Description. The County operates a single-employer health benefit plan which provides medical, prescription drug, and dental benefits for employees, retirees, and their spouses. There are 121 active and 4 retired members in the plan. Retired participants must meet IPERS normal retirement age. Benefits cease upon attaining age 65. The plan does not issue a stand-alone financial report.

The medical, prescription drug, dental, and vision coverage, which is a medical plan, is administered by Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Funding Policy. The contribution requirements of plan members are established and may be amended by the County. Retirees pay the full premium. The current funding policy of the County is to pay health claims as they occur. The required contribution is based on projected pay-as-you go financing. For fiscal year 2013, the County did not make a contribution. Retirees receiving benefits have required monthly contributions of:

<u>Plan</u>	<u>Single</u>	<u>Family</u>
Health and Prescription Drug Plan #1	\$ 480	\$ 1,237
Health and Prescription Drug Plan #2	457	1,158
Dental	31	71
Vision	11	28

Annual OPEB Cost and Net OPEB Obligation. The County's annual OPEB cost is calculated based on the annual required contribution (ARC) of the County, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding which, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

(9) Other Postemployment Benefits (OPEB) – (continued)

The following table shows the components of the County's annual OPEB cost for the year ended June 30, 2013, the amount actually contributed to the plan, and changes in the County's net OPEB obligation:

Annual required contribution	\$ 8,402
Interest on net OPEB obligation	1,172
Adjustment to annual required contribution	<u>(1,530)</u>
Annual OPEB cost	8,044
Contributions made	<u>-</u>
Increase in net OPEB obligation	8,044
Net OPEB obligation beginning of year	<u>26,045</u>
Net OPEB obligation end of year	<u><u>\$ 34,089</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2011. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2013.

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2013 are summarized as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2011	\$ 6,383	7.61%	\$ 17,938
June 30, 2012	\$ 8,107	0.00%	\$ 26,045
June 30, 2013	\$ 8,044	0.00%	\$ 34,089

Funded Status and Funding Progress. As of July 1, 2011, the most recent actuarial valuation date for the period July 1, 2012 through June 30, 2013, the actuarial accrued liability was \$86,758, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$86,758. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$4,827,816 and the ratio of the UAAL to covered payroll was 1.8%. As of June 30, 2013, there were no trust fund assets.

Actuarial Methods and Assumptions. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point.

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

(9) Other Postemployment Benefits (OPEB) – (continued)

The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2011 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 4.5% discount rate based on the County's funding policy. The projected annual medical trend rate is 7%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 1% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were based on 10% for actives currently electing coverage.

Projected claim costs of the medical plans #1 and #2 are \$747 and \$712, respectively, per month for retirees less than age 65. The salary increase rate was assumed to be 3% per year. Assumptions also include a 3% growth in payroll per annum. The UAAL is being amortized as a level dollar amount on an open basis over 30 years.

(10) Risk Management

Buena Vista County is exposed to various risks of loss related to torts; theft, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The County assumes liability for any deductibles and claims in excess of coverage limitations.

(11) Employee Health Insurance Plan

The Internal Service, Employee Group Health Fund was established to account for the partial self funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Wellmark. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of \$35,000. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Wellmark from the Employee Group Health Fund. The County's contribution to the fund for the year ended June 30, 2013, was \$940,810.

The Employee Group Health Fund did not have any amounts payable at June 30, 2013, which is for reported but not paid claims. The reserve for catastrophic losses was \$161,179 at June 30, 2013, and is reported as net position of the Employee Group Health Fund. Settlements have not exceeded the stop-loss coverage in any of the past three years.

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

(12) Early Childhood Iowa Area Board

Buena Vista County is the fiscal agent for the Early Childhood Iowa Area Board, an organization formed pursuant to the provisions of Chapter 256I of the Code of Iowa. The Area Board receives state grants to administer early childhood and school ready programs. Financial transactions of the Area Board are included in the County's financial statements as part of the Other Agency Funds because of the County's fiduciary relationship with the organization. The Area Board's financial data for the year ended June 30, 2013 is as follows:

	Early Childhood	School Ready	Total
Revenues:			
State grants:			
Early Childhood	\$ 92,245	\$ -	\$ 92,245
Family support and parent education	-	269,043	269,043
Preschool support for low-income families	-	118,129	118,129
Quality improvement	-	49,135	49,135
Allocation for administration	4,855	14,380	19,235
Other grant programs	-	28,961	28,961
Total state grants	97,100	479,648	576,748
Interest on investments	322	2,359	2,681
Total revenues	97,422	482,007	579,429
Expenditures:			
Program services:			
Early childhood	98,912	-	98,912
Family support and parent education	-	264,388	264,388
Preschool support for low-income families	-	147,181	147,181
Quality improvement	-	38,305	38,305
Other program services	-	20,918	20,918
Total program services	98,912	470,792	569,704
Administration	4,564	14,332	18,896
Total expenditures	103,476	485,124	588,600
Net change in fund balance	(6,054)	(3,117)	(9,171)
Fund balance beginning of year	12,500	72,765	85,265
Fund balance end of year	\$ 6,446	\$ 69,648	\$ 76,094

See accompanying independent auditor's report.

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

(13) Juvenile Detention Center

The County participates in the Northwest Iowa Multi-county Regional Juvenile Detention Center, a political subdivision created under Chapter 28E of the Code of Iowa. The purpose of the Center is to establish and maintain a juvenile detention facility and related services. The Center does not determine capital allocations of the equity interest for individual participating jurisdictions. The Center issues separate financial statements on the accrual basis, and the transactions of the Center are not included in the financial statements of the County.

The Center's activity for the fiscal year ending June 30, 2012, which is the latest information available, is summarized as follows:

Net assets, beginning of year	\$ 313,665
Revenues	884,848
Expenses	<u>942,967</u>
Net assets, end of year	<u>\$ 255,546</u>

The financial statements of the center are available at the Center's administrative office in Cherokee, Iowa.

(14) Commitments

The County has entered into the following contracts which were not completed as of June 30, 2013:

<u>Project</u>	<u>Total Contract Amount</u>	<u>Costs Incurred As of 6-30-13</u>	<u>Remaining Commitment As of 6-30-13</u>
Newell Township Bridge	\$ 251,438	\$ -	\$ 251,438
PCC Overlay	326,846	98,153	228,693
Box Culvert	145,260	-	145,260
Pipe Culvert	<u>54,730</u>	<u>-</u>	<u>54,730</u>
	<u>\$ 778,274</u>	<u>\$ 98,153</u>	<u>\$ 680,121</u>

The balance remaining at June 30, 2013, will be paid as work on the projects progresses.

(15) Leases

Buena Vista County leases a copy machine for the communications department; postage machines for the sheriff's department and treasurer's office; and a radio tower for the communications department. The Department of Human Services also leases a copy machine and a postage machine. Total minimum payments under these operating leases for the year ended June 30, 2013, was \$10,833.

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

(15) Leases – (Continued)

Future remaining minimum lease payments under these leases at June 30, 2013, are as follows:

Year ending <u>June 30,</u>	<u>Amount</u>
2014	\$ 9,783
2015	8,433
2016	8,433
2017	<u>5,230</u>
Total minimum lease payments	<u>\$ 31,879</u>

The County has also entered into a lease agreement with Plains Area Mental Health for rental office space. This cash lease arrangement is at a rate of \$1,012.50 per month, which shall be reviewed annually. The County will also pay Plains Area Mental Health for 30% of utilities, janitorial services, snow removal and garbage pick-up. This agreement commenced on April 1, 2010 and will end on October 31, 2014.

(16) Subsequent Events

In September 2013, the Board of Supervisors approved the purchase of a building adjacent to the courthouse for \$145,000.

In October 2013, the County Conservation Board approved the purchase of land for campground development for \$35,000.

(17) Accounting Restatement

Beginning fund balance for governmental funds has been restated to reflect a correction of an error in the balance of the U.S. Treasury Securities reported in the Debt Service fund. This restatement is summarized below:

Fund balance, June 30, 2012 as previously reported	\$ 3,625,180
Restatement of beginning fund balance	<u>(103,439)</u>
Restated fund balance, June 30, 2012	<u>\$ 3,521,741</u>

Beginning net position for governmental activities has been restated to reflect the correction described above and a correction of capital assets. This restatement is summarized below:

Net position, June 30, 2012 as previously reported	\$26,885,956
Restatement of beginning net position	<u>(93,389)</u>
Restated net position, June 30, 2012	<u>\$26,792,567</u>

See accompanying independent auditor's report.

REQUIRED SUPPLEMENTARY INFORMATION

BUENA VISTA COUNTY
BUDGETARY COMPARISON
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN BALANCES – BUDGET
AND ACTUAL (CASH BASIS) – ALL GOVERNMENTAL FUNDS
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2013

	<u>Actual</u>	Less Funds Not Required to be <u>Budgeted</u>	<u>Net</u>	<u>Budgeted Amounts</u>		Final to Net <u>Variance</u>
				<u>Original</u>	<u>Final</u>	
Receipts:						
Property and other County tax	\$9,108,995	\$ -	\$9,108,995	\$9,107,163	\$9,107,163	\$ 1,832
Interest and penalty on property tax	45,094	-	45,094	46,950	46,950	(1,856)
Intergovernmental	4,367,386	-	4,367,386	5,001,327	5,027,371	(659,985)
Licenses and permits	51,389	-	51,389	45,851	45,851	5,538
Charges for service	766,451	-	766,451	667,240	729,740	36,711
Use of money and property	83,184	-	83,184	120,698	117,698	(34,514)
Miscellaneous	<u>577,235</u>	<u>445,398</u>	<u>131,837</u>	<u>29,795</u>	<u>26,295</u>	<u>105,542</u>
Total receipts	<u>14,999,734</u>	<u>445,398</u>	<u>14,554,336</u>	<u>15,019,024</u>	<u>15,101,068</u>	<u>(546,732)</u>
Disbursements:						
Public safety and legal services	3,134,525	-	3,134,525	3,309,971	3,369,683	235,158
Physical health and social services	1,113,824	-	1,113,824	1,250,034	1,296,634	182,810
Mental health	889,826	-	889,826	1,837,947	1,837,947	948,121
County environment and education	666,689	-	666,689	705,058	706,615	39,926
Roads and transportation	4,243,570	-	4,243,570	4,395,335	4,567,530	323,960
Governmental services to residents	705,677	-	705,677	710,888	729,288	23,611
Administration	1,533,506	-	1,533,506	1,517,778	1,591,372	57,866
Non-program	469,927	465,594	4,333	5,400	5,400	1,067
Debt Service	1,040,473	-	1,040,473	890,440	1,040,828	355
Capital projects	<u>1,037,452</u>	<u>-</u>	<u>1,037,452</u>	<u>1,995,317</u>	<u>2,051,791</u>	<u>1,014,339</u>
Total disbursements	<u>14,835,469</u>	<u>465,594</u>	<u>14,369,875</u>	<u>16,618,168</u>	<u>17,197,088</u>	<u>2,827,213</u>
Excess (deficiency) of receipts over disbursements	164,265	(20,196)	184,461	(1,599,144)	(2,096,020)	2,280,481
Other financing sources, net	<u>868,076</u>	<u>43,821</u>	<u>824,255</u>	<u>700</u>	<u>700</u>	<u>823,555</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,032,341	23,625	1,008,716	(1,598,444)	(2,095,320)	3,104,036
Balance beginning of year	<u>8,535,305</u>	<u>95,581</u>	<u>8,439,724</u>	<u>6,918,678</u>	<u>8,439,724</u>	<u>-</u>
Balance end of year	<u>\$9,567,646</u>	<u>\$ 119,206</u>	<u>\$9,448,440</u>	<u>\$5,320,234</u>	<u>\$6,344,404</u>	<u>\$3,104,036</u>

See accompanying independent auditor's report.

BUENA VISTA COUNTY
BUDGETARY COMPARISON SCHEDULE-BUDGET
TO GAAP RECONCILIATION
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2013

	<u>Governmental Funds</u>		
	<u>Cash</u>	<u>Accrual</u>	<u>Modified</u>
	<u>Basis</u>	<u>Adjustments</u>	<u>Accrual</u>
			<u>Basis</u>
Revenues	\$ 14,999,734	\$ 519,861	\$ 15,519,595
Expenditures	<u>14,835,469</u>	<u>(149,468)</u>	<u>14,686,001</u>
Net	164,265	669,329	833,594
Other financing sources, net	868,076	44,829	912,905
Beginning fund balances	<u>8,535,305</u>	<u>3,035,205</u>	<u>11,570,510</u>
Ending fund balances	<u>\$ 9,567,646</u>	<u>\$ 3,749,363</u>	<u>\$ 13,317,009</u>

See accompanying independent auditor's report.

BUENA VISTA COUNTY
NOTES TO REQUIRED SUPPLEMENTARY
INFORMATION – BUDGETARY REPORTING
JUNE 30, 2013

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except blended component units, the Internal Service Fund, and Agency Funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service, and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, three budget amendments increased budgeted disbursements by \$578,920. The budget amendments are reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E911 System by the E911 Service Board, and for Emergency Management Services by the County Emergency Management Commission.

Included in the funds not required to be budgeted are the drainage districts.

BUENA VISTA COUNTY
SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2013

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2009	July 1, 2008	-	\$38,918	\$ 38,918	0.00%	\$4,210,646	0.92%
2010	July 1, 2008	-	\$38,918	\$ 38,918	0.00%	\$4,336,965	0.90%
2011	July 1, 2008	-	\$38,918	\$ 38,918	0.00%	\$4,467,074	0.87%
2012	July 1, 2011	-	\$86,758	\$ 86,758	0.00%	\$4,687,200	1.85%
2013	July 1, 2011	-	\$86,758	\$ 86,758	0.00%	\$4,827,816	1.80%

See Note 9 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost and net OPEB obligation, and funded status and funding progress.

SUPPLEMENTARY INFORMATION

BUENA VISTA COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013

Schedule 1

Special Revenue

	Local Option Secondary Roads	County Recorder's Records Management	Resource Enhancement and Protection	Jail Security Fund	Jail Commissary Fund	Drainage Districts	Conservation Land Acquisition	Newell Cemetery Trust	Capital Projects	Total
<u>ASSETS</u>										
Cash and pooled investments	\$ 303,370	\$ 14,903	\$ 85,686	\$ 118,286	\$ 30,000	\$ 119,206	\$ 138,074	\$ 1,977	\$ 3,191	\$ 814,693
Receivables:										
Accounts	-	303	-	-	-	-	49	-	-	352
Accrued interest	-	6	10	-	-	-	-	-	3	19
Drainage assessments	-	-	-	-	-	76,526	-	-	-	76,526
Due from other governments	73,650	-	-	-	-	-	-	-	-	73,650
Total assets	<u>\$ 377,020</u>	<u>\$ 15,212</u>	<u>\$ 85,696</u>	<u>\$ 118,286</u>	<u>\$ 30,000</u>	<u>\$ 195,732</u>	<u>\$ 138,123</u>	<u>\$ 1,977</u>	<u>\$ 3,194</u>	<u>\$ 965,240</u>
<u>LIABILITIES AND FUND BALANCES</u>										
Liabilities:										
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 53,472	\$ 2,397	\$ -	\$ -	\$ 55,869
Interest payable	-	-	-	-	-	49,001	-	-	-	49,001
Deferred revenue	-	-	-	-	-	76,526	-	-	-	76,526
Due to other governments	-	3,159	-	-	-	-	-	-	-	3,159
Total liabilities	<u>-</u>	<u>3,159</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>178,999</u>	<u>2,397</u>	<u>-</u>	<u>-</u>	<u>184,555</u>
Fund balances:										
Restricted	<u>377,020</u>	<u>12,053</u>	<u>85,696</u>	<u>118,286</u>	<u>30,000</u>	<u>16,733</u>	<u>135,726</u>	<u>1,977</u>	<u>3,194</u>	<u>780,685</u>
Total fund balances	<u>377,020</u>	<u>12,053</u>	<u>85,696</u>	<u>118,286</u>	<u>30,000</u>	<u>16,733</u>	<u>135,726</u>	<u>1,977</u>	<u>3,194</u>	<u>780,685</u>
Total liabilities and fund balances	<u>\$ 377,020</u>	<u>\$ 15,212</u>	<u>\$ 85,696</u>	<u>\$ 118,286</u>	<u>\$ 30,000</u>	<u>\$ 195,732</u>	<u>\$ 138,123</u>	<u>\$ 1,977</u>	<u>\$ 3,194</u>	<u>\$ 965,240</u>

See accompanying independent auditor's report.

BUENA VISTA COUNTY
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2013

Schedule 2

	Special Revenue									
	Local Option Secondary Roads	County Recorder's Records Management	Resource Enhancement and Protection	Jail Security Fund	Jail Commissary Fund	Drainage Districts	Conservation Land Acquisition	Newell Cemetery Trust	Capital Projects	Total
Revenues:										
Property and other County tax	\$ 452,995	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 452,995
Intergovernmental	-	-	6,893	-	-	-	-	-	-	6,893
Charges for services	-	4,007	-	28,202	-	-	5,836	-	-	38,045
Use of money and property	-	65	124	-	-	-	13,877	5	33	14,104
Miscellaneous	-	-	-	4,012	30,000	445,398	1,094	-	-	480,504
Total revenues	<u>452,995</u>	<u>4,072</u>	<u>7,017</u>	<u>32,214</u>	<u>30,000</u>	<u>445,398</u>	<u>20,807</u>	<u>5</u>	<u>33</u>	<u>992,541</u>
Expenditures:										
Operating:										
Public safety and legal services	-	-	-	4,174	-	-	-	-	-	4,174
Administration	-	-	-	9,829	-	-	-	-	-	9,829
Non-program	-	-	-	-	-	354,519	30	-	-	354,549
Capital Projects	-	3,159	-	-	-	-	4,597	-	-	7,756
Total expenditures	<u>-</u>	<u>3,159</u>	<u>-</u>	<u>14,003</u>	<u>-</u>	<u>354,519</u>	<u>4,627</u>	<u>-</u>	<u>-</u>	<u>376,308</u>
Excess (deficiency) of revenues over expenditures	<u>452,995</u>	<u>913</u>	<u>7,017</u>	<u>18,211</u>	<u>30,000</u>	<u>90,879</u>	<u>16,180</u>	<u>5</u>	<u>33</u>	<u>616,233</u>
Other financing sources (uses):										
Operating transfers in (out)	(453,697)	-	-	17,433	-	-	10,675	-	-	(425,589)
Drainage district warrants issued	-	-	-	-	-	43,821	-	-	-	43,821
Total other financing sources (uses)	<u>(453,697)</u>	<u>-</u>	<u>-</u>	<u>17,433</u>	<u>-</u>	<u>43,821</u>	<u>10,675</u>	<u>-</u>	<u>-</u>	<u>(381,768)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>(702)</u>	<u>913</u>	<u>7,017</u>	<u>35,644</u>	<u>30,000</u>	<u>134,700</u>	<u>26,855</u>	<u>5</u>	<u>33</u>	<u>234,465</u>
Fund balances beginning of year	<u>377,722</u>	<u>11,140</u>	<u>78,679</u>	<u>82,642</u>	<u>-</u>	<u>(117,967)</u>	<u>108,871</u>	<u>1,972</u>	<u>3,161</u>	<u>546,220</u>
Fund balances end of year	<u>\$ 377,020</u>	<u>\$ 12,053</u>	<u>\$ 85,696</u>	<u>\$ 118,286</u>	<u>\$ 30,000</u>	<u>\$ 16,733</u>	<u>\$ 135,726</u>	<u>\$ 1,977</u>	<u>\$ 3,194</u>	<u>\$ 780,685</u>

See accompanying independent auditor's report.

BUENA VISTA COUNTY
COMBINING SCHEDULE OF FIDUCIARY ASSETS
AND LIABILITIES – AGENCY FUNDS
JUNE 30, 2013

Schedule 3

	County Offices	Agricultural Extension	County Assessor	Schools	Community Colleges	Corporations	Townships	License and Use Tax	Other	Total
<u>ASSETS</u>										
Cash and pooled investments:										
County Treasurer	\$ -	\$ 2,173	\$ 645,058	\$ 154,736	\$ 8,475	\$ 80,429	\$ 2,403	\$ 453,336	\$ 290,227	\$ 1,636,837
Other County officials	74,964	-	-	-	-	-	-	-	-	74,964
Receivables:										
Property tax:										
Delinquent	-	1,414	3,060	151,468	8,504	357,181	149	-	4,492	526,268
Succeeding year	-	168,594	364,857	13,691,037	873,628	5,980,533	310,006	-	473,375	21,862,030
Accounts	6,679	-	143	-	-	-	-	-	31,112	37,934
Due from other governments	-	-	-	-	-	-	-	-	17,727	17,727
Special assessments	-	-	-	-	-	-	-	-	903,761	903,761
Prepaid expenses	-	-	-	-	-	-	-	-	208	208
Total assets	<u>\$ 81,643</u>	<u>\$ 172,181</u>	<u>\$ 1,013,118</u>	<u>\$ 13,997,241</u>	<u>\$ 890,607</u>	<u>\$ 6,418,143</u>	<u>\$ 312,558</u>	<u>\$ 453,336</u>	<u>\$ 1,720,902</u>	<u>\$ 25,059,729</u>
<u>LIABILITIES</u>										
Accounts payable	\$ -	\$ -	\$ 2,101	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,545	\$ 17,646
Salaries & benefits payable	-	-	8,161	-	-	-	-	-	2,179	10,340
Due to other governments	42,842	172,181	1,002,856	13,997,241	890,607	6,418,143	312,558	453,336	1,696,631	24,986,395
Trusts payable	38,801	-	-	-	-	-	-	-	6,547	45,348
Total liabilities	<u>\$ 81,643</u>	<u>\$ 172,181</u>	<u>\$ 1,013,118</u>	<u>\$ 13,997,241</u>	<u>\$ 890,607</u>	<u>\$ 6,418,143</u>	<u>\$ 312,558</u>	<u>\$ 453,336</u>	<u>\$ 1,720,902</u>	<u>\$ 25,059,729</u>

See accompanying independent auditor's report.

BUENA VISTA COUNTY
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS
AND LIABILITIES – AGENCY FUNDS
YEAR ENDED JUNE 30, 2013

Schedule 4

	County Offices	Agricultural Extension	County Assessor	Schools	Community Colleges	Corporations	Townships	Auto License and Use Tax	Other	Total
<u>ASSETS AND LIABILITIES</u>										
Balances beginning of year	\$ 87,308	\$ 203,407	\$ 1,038,921	\$ 14,207,383	\$ 792,835	\$ 6,183,563	\$ 308,619	\$ 456,964	\$ 790,061	\$ 24,069,061
Additions:										
Property and other county tax	-	168,035	364,414	13,681,260	876,656	5,909,619	309,897	-	473,111	21,782,992
E911 surcharge	-	-	-	-	-	-	-	-	166,151	166,151
State tax credits	-	7,427	13,183	514,712	28,881	183,972	11,558	-	16,083	775,816
Office fees and collections	597,809	-	925	-	-	-	-	-	83,673	682,407
Auto licenses, use tax, and postage	-	-	-	-	-	-	-	6,108,797	-	6,108,797
Assessments	-	-	-	-	-	-	-	-	895,215	895,215
Trusts	600,737	-	-	-	-	-	-	-	587,718	1,188,455
Total additions	1,198,546	175,462	378,522	14,195,972	905,537	6,093,591	321,455	6,108,797	2,221,951	31,599,833
Deductions:										
Agency remittances:										
To other governments	593,535	206,688	404,325	14,406,114	807,765	5,859,011	317,516	6,112,425	716,044	29,423,423
Trusts paid out	610,676	-	-	-	-	-	-	-	575,066	1,185,742
Total deductions	1,204,211	206,688	404,325	14,406,114	807,765	5,859,011	317,516	6,112,425	1,291,110	30,609,165
Balances end of year	\$ 81,643	\$ 172,181	\$ 1,013,118	\$ 13,997,241	\$ 890,607	\$ 6,418,143	\$ 312,558	\$ 453,336	\$ 1,720,902	\$ 25,059,729

See accompanying independent auditor's report.

BUENA VISTA COUNTY
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY
FUNCTION – ALL GOVERNMENTAL FUNDS
FOR THE LAST TEN YEARS

Schedule 5

	Modified Accrual Basis									
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Revenues:										
Property and other County tax	\$ 9,108,894	\$ 8,958,866	\$ 8,589,265	\$ 8,581,521	\$ 7,837,830	\$ 7,065,977	\$ 6,648,612	\$ 6,577,364	\$ 6,388,682	\$ 6,136,029
Interest and penalty on property tax	45,094	44,270	48,725	46,597	49,207	40,523	43,470	46,464	34,702	39,269
Intergovernmental	4,886,827	5,288,699	5,229,112	5,144,423	4,646,265	5,074,654	4,998,520	5,072,950	6,021,929	5,401,544
Licenses and permits	50,829	48,077	42,179	60,668	44,644	51,864	29,037	27,696	32,782	27,954
Charges for service	752,312	748,916	655,653	628,387	720,600	624,766	600,836	625,239	673,495	586,418
Use of money and property	95,463	158,270	121,705	125,632	158,506	243,620	430,698	240,451	151,098	129,839
Miscellaneous	580,176	141,540	144,441	515,737	77,085	289,421	235,095	499,302	367,317	197,088
Total	<u>\$15,519,595</u>	<u>\$15,388,638</u>	<u>\$14,831,080</u>	<u>\$15,102,965</u>	<u>\$13,534,137</u>	<u>\$13,390,825</u>	<u>\$12,986,268</u>	<u>\$13,089,466</u>	<u>\$13,670,005</u>	<u>\$12,518,141</u>
Expenditures:										
Operating:										
Public safety and legal services	\$ 3,133,201	\$ 2,891,404	\$ 2,661,575	\$ 2,430,820	\$ 2,411,483	\$ 2,416,715	\$ 2,208,090	\$ 2,130,132	\$ 1,916,398	\$ 1,891,622
Physical health and social services	1,134,781	1,076,467	1,124,760	1,198,245	1,130,674	1,125,268	1,056,604	987,561	1,022,394	1,081,819
Mental health	706,051	1,676,284	1,338,797	1,258,695	1,379,923	1,428,879	1,496,631	1,407,028	1,255,061	1,170,050
County environment and education	663,971	730,301	664,729	635,694	625,020	609,120	607,830	642,349	493,960	460,508
Roads and transportation	4,225,201	4,777,871	3,772,684	3,771,775	4,319,136	3,170,235	3,622,293	4,492,826	3,051,873	3,298,592
Governmental services to residents	686,456	675,803	678,327	612,565	607,382	551,839	512,159	488,654	452,522	436,248
Administration	1,532,615	1,394,345	1,185,343	1,236,579	1,154,125	1,141,424	1,047,527	1,019,714	979,435	963,822
Non-program	358,882	620,055	411,203	203,259	149,299	564,050	1,961,898	1,151,855	2,138,420	1,158,653
Debt service	1,131,661	1,112,461	1,048,022	1,010,945	1,291,446	1,157,644	1,051,170	858,289	1,265,592	881,621
Capital projects	1,113,182	936,356	1,440,775	1,129,049	682,924	1,214,030	4,393,109	710,072	257,978	332,071
Total	<u>\$14,686,001</u>	<u>\$15,891,347</u>	<u>\$14,326,215</u>	<u>\$13,487,626</u>	<u>\$13,751,412</u>	<u>\$13,379,204</u>	<u>\$17,957,311</u>	<u>\$13,888,480</u>	<u>\$12,833,633</u>	<u>\$11,675,006</u>

See accompanying independent auditor's report.

BUENA VISTA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2013

Schedule 6

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Pass-Through Entity's Identifying Number</u>	<u>Federal Expenditures</u>
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		\$ 14,914
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	BROS-C011-(72)-8J-11	164,351
U.S. Department of Health and Human Services:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Refugee and Entrant Assistance	93.566		66
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		3,467
Foster Care - Title IV-E	93.658		5,154
Adoption Assistance	93.659		1,445
Social Services Block Grant	93.667		4,438
Children's Health Insurance Program	93.767		57
Medical Assistance Program	93.778		14,827
Child Care and Development Block Grant	93.575		103,476
			<u>132,930</u>
Iowa Department of Public Health:			
Public Health Emergency Preparedness	93.069	5883BT11	22,817
Immunization Cooperative Agreements	93.268	5882I409	5,023
Immunization Cooperative Agreements	93.268	5883I409	4,741
PPHF 2012-Prevention and Public Health Fund (ACA)-Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by 2012 Prevention And Public Health Funds	93.539	5883I409	828
			<u>33,409</u>
U.S. Department of Homeland Security:			
Iowa Department of Public Defense:			
Iowa Homeland Security and Emergency Management Division:			
Disaster Grants – Public Assistance	97.036		230,458
Hazard Mitigation Grant	97.039		10,369
Emergency Management Performance Grants	97.042		17,603
			<u>258,430</u>
Total			\$ 604,034

See accompanying independent auditor's report.

BUENA VISTA COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2013

(1) Basis of Presentation

The accompanying schedule of expenditures of the federal awards includes the federal grant activity of Buena Vista County, Iowa for the year ended June 30, 2013. All federal financial assistance passed through other government agencies expended during the year is included in the schedule. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*.

(2) Significant Accounting Policies

Revenue from federal awards is recognized when the County has done everything necessary to establish its right to revenue. For government funds, revenue from federal grant is recognized when they become both measurable and available. Expenditures allowable in accordance with the grant agreement are recognized when they become a demand on current available financial resources.

HUNZELMAN, PUTZIER & CO., PLC

CERTIFIED PUBLIC ACCOUNTANTS

JEFFORY B. STARK, C.P.A.
JASON K. RAVELING
TAMMY M. CARLSON, C.P.A.
RICHARD R. MOORE, C.P.A. (RETIRED)
WESLEY E. STILLE, C.P.A. (RETIRED)
KENNETH A. PUTZIER, C.P.A. (RETIRED)
W. J. HUNZELMAN, C.P.A. 1921-1997

P.O. BOX 398
1100 WEST MILWAUKEE
STORM LAKE, IOWA 50588
712-732-3653
FAX 712-732-3662
www.hpcocpa.com

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Officials of Buena Vista County:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Buena Vista County, Iowa, as of and for the year ended June 30, 2013, and the related notes to financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated February 18, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Buena Vista County's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Buena Vista County's internal control. Accordingly, we do not express an opinion on the effectiveness of Buena Vista County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of Buena Vista County's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings as items II-(A-B)-13 to be material weaknesses.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Buena Vista County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of non-compliance or other matters that are required to be reported under *Government Auditing Standards* and is described in the accompanying Schedule of Findings as item II-C-13. We noted certain instances of noncompliance or other matters which are described in Part III of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2013, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Buena Vista County's Responses to Findings

Buena Vista County's responses to findings identified in our audit are described in the accompanying Schedule of Findings. Buena Vista County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hummelman, Putzler & Co., PLLC

February 18, 2014

HUNZELMAN, PUTZIER & CO., PLC

CERTIFIED PUBLIC ACCOUNTANTS

JEFFORY B. STARK, C.P.A.
JASON K. RAVELING
TAMMY M. CARLSON, C.P.A.
RICHARD R. MOORE, C.P.A. (RETIRED)
WESLEY E. STILLE, C.P.A. (RETIRED)
KENNETH A. PUTZIER, C.P.A. (RETIRED)
W. J. HUNZELMAN, C.P.A. 1921-1997

P.O. BOX 398
1100 WEST MILWAUKEE
STORM LAKE, IOWA 50588
712-732-3653
FAX 712-732-3662
www.hpcocpa.com

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, ON INTERNAL CONTROL OVER COMPLIANCE AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133

To the Officials of Buena Vista County:

Report on Compliance for Each Major Federal Program

We have audited Buena Vista County, Iowa's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on its major federal programs for the year ended June 30, 2013. Buena Vista County's major federal programs are identified in Part I of the accompanying *Schedule of Findings*.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Buena Vista County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Buena Vista County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for the major federal programs. However, our audit does not provide a legal determination on Buena Vista County's compliance.

Opinion on Each Major Federal Program

In our opinion, Buena Vista County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

The management of Buena Vista County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Buena Vista County's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal programs and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Buena Vista County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purposed described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Hungelman, Putzier & Co., PLC

February 18, 2014

BUENA VISTA COUNTY
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2013

Part I: Summary of the Independent Auditor's Results:

- (a) An adverse opinion was issued on the financial statements.
- (b) Material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit disclosed non-compliance which is material to the financial statements.
- (d) No significant deficiencies or material weaknesses in internal control over the major programs were disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major programs.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major programs were as follows:
 - CFDA Number 20.205 Highway Planning and Construction
 - CFDA Number 97.036 Disaster Grants – Public Assistance
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Buena Vista County did not qualify as a low-risk auditee.

BUENA VISTA COUNTY
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2013

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

- II-A-13 Segregation of Duties – A concentration of closely related duties and responsibilities, such as the recording and processing of cash receipts and disbursements, reconciliation of bank accounts, preparing journal entries for posting, analyzing financial information, and reporting financial information, exists in most county offices. This concentration with a limited number of employees makes it difficult to establish an adequate system of internal checks on the accuracy and reliability of the accounting records.

Recommendation – Each department head should review the operating procedures of their office to obtain the best segregation of duties as possible under the circumstances. The department head should utilize current employees to provide internal checks through review of financial transactions, reconciliations, and reports. Such reviews should be performed by independent persons to the extent possible, and should be evidenced by initials or signature of the reviewer and the date of the review.

Response – To the degree possible in the various departments, incoming mail is opened, and checks and cash listed, by a person not authorized to make accounting entries. Checks and cash are then turned over to accounting personnel for processing. The list of checks and cash is later reconciled with cash receipt records.

To the degree possible in each department, bank accounts are reconciled promptly by a staff person who is not authorized to sign checks.

To the degree possible in the departments, the following responsibilities are segregated: approval of supporting documentation of claims submitted, preparing and recording of disbursements, and reviewing of warrant with original claim documentation.

To the degree possible in the departments, voided transactions, both receipts and disbursements, will be reviewed and approved by an individual not involved in the voided transaction.

Conclusion – Response accepted.

- II-B-13 Financial Reporting – We noted that while management is capable of preparing accurate financial statements that provide information sufficient to make management decisions, reporting financial data reliably in accordance with generally accepted accounting principles (GAAP) requires management to possess sufficient knowledge and expertise to select and apply accounting principles and prepare year-end financial statements, including footnote disclosures. Management presently lacks the qualifications and training to appropriately fulfill these responsibilities, which is a common situation in small entities.

Recommendation - Obtaining additional GAAP knowledge through reading relevant accounting literature and attending local professional education courses should help management significantly improve in the ability to prepare and take responsibility for reliable GAAP financial statements.

Response – Management has addressed this control risk by engaging you (our independent CPA), to prepare the financial statements, has appointed persons with sufficient knowledge to evaluate your preparation of the financial statements, and has reviewed and accepted the financial statements as you have prepared them. Outside preparation of the financial statements is more cost effective than preparing them in-house.

Conclusion – Response accepted.

BUENA VISTA COUNTY
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2013

Part II: Findings Related to the Financial Statements: - (Continued)

INSTANCES OF NON-COMPLIANCE:

- II-C-13 Materials and Supplies Inventory - The financial statements do not include materials and supplies inventory, pertaining primarily to the Special Revenue Funds. The amounts of such inventories are not determinable because no count has been taken by the County.

Recommendation - The County should make appropriate counts of materials and supplies inventory on hand at June 30 each year and determine the cost to be included in the annual financial statements in order to conform with generally accepted accounting principles. The annual count should be coordinated with the independent auditors who will need to observe the inventory counting procedures.

Response – At the current time sufficient resources are not available to perform this inventory on June 30. However, an annual inventory is taken at another time during the fiscal year for management purposes. The Board of Supervisors has determined that this inventory is satisfactory for management's need, and that the cost of changing to a June 30 inventory exceeds the benefit to be gained.

Conclusion – Response accepted.

Part III: Other Findings Related to Required Statutory Reporting:

- III-A-13 Certified Budget - Disbursements during the year ended June 30, 2013, did not exceed the amounts budgeted.
- III-B-13 Questionable Expenditures - No expenditures were noted that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- III-C-13 Travel Expense - No expenditures of County money for travel expense of spouses of County officials or employees were noted.
- III-D-13 Business Transactions – No business transactions between the County and County officials or employees were noted.
- III-E-13 Bond Coverage - Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that coverage is adequate for current operations.
- III-F-13 Board Minutes - No transactions were found that we believe should have been approved in the Board minutes but were not. However, the published minutes did not contain the purpose of approved claims as required by Chapter 349.18 of the Code of Iowa and several Attorney General's opinions.

Recommendation - Published minutes should contain a list of all approved claims, including the purpose of the claim.

Response – Since we do not receive inquiries about this information, and in an attempt to manage the cost of publication, the Board of Supervisors has directed that a list of the claims paid should be published quarterly including the vendor and amount. More complete information is available by request.

Conclusion – Response accepted.

BUENA VISTA COUNTY
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2013

Part III: Other Findings Related to Required Statutory Reporting: - (Continued)

- III-G-13 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the County's investment policy were noted.
- III-H-13 Resource Enhancement and Protection Certification - The County dedicated property tax revenue to conservation purposes sufficient to meet the requirements of Chapter 455 A.19(1)(b) of the Code of Iowa in order to receive additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- III-I-13 County Extension Office - The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an extension council separate and distinct from County operations and, consequently, is not included in Exhibits A or B. Disbursements during the year ended June 30, 2013, for the County Extension Office did not exceed the amount budgeted.
- III-J-13 Early Childhood Iowa Area Board -- Buena Vista County is the fiscal agent for the Early Childhood Iowa Area Board, an organization formed pursuant to the provisions of Chapter 256I of the Code of Iowa. Financial transactions of the Area Board are included in the County's financial statements as part of the Other Agency Funds because of the County's fiduciary relationship with the organization. No instances of non-compliance were noted as a result of the audit procedures performed.